

SB

212

Alaska State Legislature

Interim: (May - Dec.)
716 W. 4th Ave
Anchorage, AK 99501
Phone: (907) 269-0144
Fax: (907) 269-0148



Session: (Jan - May)
State Capitol, Suite 7
Juneau, AK 99801-1182
Phone: (907) 465-3822
Fax: (907) 465-3756
Toll free: (800) 770-3822

Senator Bettye Davis@legis.state.ak.us
http://www.akdemocrats.org

Senator Bettye Davis

SB 212 "An Act relating to eligibility requirements for medical assistance for certain children, pregnant women; and providing for an effective date."

Sponsor Statement

SB 212 reinstates the qualifying income standards for children and pregnant women receiving Medicaid benefits under the Denali KidCare (DKC) program to poverty guidelines used when the program was established in 1997 at 200% Federal Poverty Guideline (FPG) for Alaska. Reduced and frozen at 175% FPG by the Legislature in 2003, the equivalent income limits were reduced in the following four years to 154% by the time SB27 was implemented to reinstate current levels of the FPG at 175% in 2007. Children and pregnant women with household incomes between 176% and 200% FPG still have not regained eligibility. SB212 also increases allowable premiums or cost-sharing by families whose incomes are between 150%-200% FPG.

The fiscal notes anticipate 2% enrollment growth after 2009 and an annual cost increase of 8.6%, allowing for 5% medical inflation in Alaska. The \$249,600 appropriation required for 2009 does not reflect the indirect savings by fewer emergency room visits and many avoided long-term illnesses for SCHIP children. The addition of one employee and office expense at \$73,800 provides for the anticipated increase in enrollment of 218 pregnant women and 1277 children. DHSS has requested additional support for Denali KidCare in the Governor's FY09 budget.

Forty one-states allow participation by families at or above 200% FPG with many over 300%. The reason for higher SCHIP eligibility coverage in other states is that the federal government reimburses SCHIP at an enhanced rate, and higher SCHIP eligibility has proven to be an efficient use of health care dollars. While most patients enrolled in Medicaid are children, children utilize only a fraction of the resources. Early intervention and preventative care greatly reduce visits to emergency rooms and costly long-term illnesses. Hospitals regularly write-off the cost of emergency room visits by non-emergency low-income, indigent, or uninsured patients whom they must serve when patients cannot pay. The costs of these non-emergency visits to hospitals for SCHIP children and other low-income and uninsured, who have no other way of obtaining health care, are passed along in increased costs to patients who do pay and/or are insured under private or state health benefit plans. There is no effect on eligibility for Denali KidCare if the SCHIP allotment is fully expended. If costs exceed available SCHIP funds, claims are simply reimbursed at the lower, regular Medicaid rate, resulting in reduced federal revenues.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 212
 (S) Publish Date: 1/28/08
 Dept. Affected: Health & Social Services
 RDU: Behavioral Health
 Component: Behavioral Hlth Medicaid Svcs

ID (File name) SB212-DHSS-DHMS-1-19-08
 Title MEDICAL ASSISTANCE ELIGIBILITY

Sponsor DAVIS
 Requester SENATE HESS Component No. 2660

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information				
	Required						
	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES							
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	249.6		269.1	292.2	317.3	344.6	374.3
Miscellaneous							
TOTAL OPERATING	249.6	0.0	269.1	292.2	317.3	344.6	374.3

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES (0)							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	154.5		157.4	169.6	183.6	199.4	216.6
1003 GF Match	95.1		111.7	122.6	133.7	145.2	157.7
1004 GF							
1037 GF/Mental Health							
Other (Specify Type-do not abbreviate)							
Other (Specify Type-do not abbreviate)							
TOTAL	249.6	0.0	269.1	292.2	317.3	344.6	374.3

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill reinstates the qualifying income standards for children and pregnant women receiving Medicaid benefits under the Denali KidCare (DKC) program to poverty guidelines used when the program was established (200 percent of the Federal Poverty Guideline (FPG) for Alaska).

Effective September 2003, the maximum qualifying household incomes for DKC Medicaid were reduced in statute to amounts equivalent to 175% of the FPG for

Continued on page 2

Prepared by: Bill Streur
 Division: Health Care Services
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone 907-269-7827
 Date/Time 01/19/2008
 Date 01/19/2008

**STATE OF ALASKA
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

2003. By spring 2007, the statutory income limits were equivalent to 154% of the prevailing poverty guideline, representing almost a 50 percentage point drop from the poverty guideline used to qualify such individuals prior to September 2003. A bill implemented in summer 2007 (SB27) partially reversed the affects of the 2003 legislation, setting the income standard to 175% of the prevailing FPG. However, children and pregnant women with incomes between 176 and 200% of the prevailing FPG did not regain eligibility.

We assume that all persons regaining eligibility under SB27/2007 will enroll sometime during SFY2008 and be covered by the additional funding requested in the corresponding fiscal note. This fiscal note addresses only persons with incomes between 176 and 200% FPG that would regain eligibility under SB 212

Between 2003 and 2006, the number of enrolled children with household incomes between 151% and 200% FPG dropped by 2,553 and the number of enrolled pregnant women with incomes between 134% and 200% dropped by 436. This fiscal analysis assumes that the additional enrollment due to this bill will be equal to about half that number of people (estimated as 218 pregnant women and 1277 children). We assume that most people affected by this bill will enroll by the end of SFY 2009 and that enrollment will resume nonnal growth (about 2% per year) thereafter.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska, 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and annual growth in the FPG.

Continued on page 3

**STATE OF ALASKA
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

The percentage of enrollees having Medicaid claims paid during the year is "participation" (recipients as a percentage of enrollment). We assume that participation will not change with implementation of this bill and will remain the same throughout the projection period. First year costs are based on our estimate for the number of new enrollees times the average cost per enrollee for the affected eligibility subtypes in 2007. Medicaid children in the income range addressed by this bill tend to have lower Medicaid costs than those from families with lower incomes, and those lower costs are reflected in our estimates.

Expenditures for the Behavioral Health Medicaid Services component were determined based on that component's share of expenses for the affected eligibility subtypes in 2007. Behavioral Health paid 14.1% of the costs for affected children in 2007.

Fund source calculations combine the percentages of costs reimbursed as IHS, Title XIX, or Title XXI during 2007 for the affected eligibility groups with our current estimates for the corresponding federal medical assistance percentages (FMAPs) between 2009 and 2014. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs would normally be matched at the enhanced rate for Title XXI services. However, because Title XXI funding for SCHIP is no longer enough to cover all of that program's expenses, the formula for estimating federal reimbursement for this bill was adjusted to allow only three quarters of Title XXI matching in 2009, with the remaining quarter defaulting to the lower Title XIX rate. Between 2010 and 2014, we estimate that only 2 quarters of expenses for children affected by this bill will be reimbursed at the enhanced match rate.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 212
 (S) Publish Date: 1/28/08
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: Public Assistance Field Svcs

ID(File name) SB212-DHSS-PAFS-1-19-08
 Title: MEDICAL ASSISTANCE ELIGIBILITY

Sponsor: DAVIS
 Requester: SENATE HESS

Component No. 236

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information					
	Required		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
OPERATING EXPENDITURES								
Personal Services	62.8		62.8	62.8	62.8	62.8	62.8	62.8
Travel								
Contractual	8.8		8.8	8.8	8.8	8.8	8.8	8.8
Supplies								
Equipment	2.2							
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	73.8	0.0	71.6	71.6	71.6	71.6	71.6	71.6
CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

FUND SOURCE (Thousands of Dollars)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
1002 Federal Receipts	34.4	33.3	33.3	33.3	33.3	33.3
1003 GF Match	30.3	29.4	29.4	29.4	29.4	29.4
1004 GF	8.1	7.9	7.9	7.9	7.9	7.9
1037 GF/Mental Health						
Other(Interagency Receipts)	1.0	1.0	1.0	1.0	1.0	1.0
Other(Specify Type-do not abbreviate)						
TOTAL	73.8	0.0	71.6	71.6	71.6	71.6

Estimate of any current year (FY2008) cost: _____

POSITIONS

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

SB 212 changes AS 47.07.020(b) to reset the upper income limit for Denali KidCare (DKC) pregnant women and uninsured children under the Title XXI State Children's Health Insurance Program (SCHIP) to 200% of the federal poverty guideline (FPG) for Alaska. Currently, the qualifying income limit for these children and pregnant women is set in statute at 175% of the current FPG. This fiscal note represents the additional administrative costs needed to support the increased workload resulting from more pregnant women and children applying for medical assistance.

Prepared by: Ellie Fitzjarrald, Director
 Division: Public Assistance
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone 907-465-5847
 Date/Time 01/18/2008
 Date 01/19/2008

STATE OF ALASKA
2008 LEGISLATIVE SESSION

ANALYSIS CONTINUATION

The eligibility decision includes verifying information and determining whether a pregnant woman or child qualifies for DKC based on the household's circumstances and monthly income at the time of application, acting on changes reported during the period of eligibility, and re-examining a household's eligibility every six months.

We assume that 218 pregnant women and 1277 children will enroll in Medicaid if the qualifying income limit is revised to 200% FPG, and that implementation will begin July 1, 2008. We estimate one additional Eligibility Technician I (Range 13) position will be needed to manage this additional work in FY 09. This fiscal note requests one position, however, the addition of this position increases the existing need for supervisory and administrative support to ensure the delivery of quality customer service and that accurate eligibility determinations are made. A request for additional support for DKC has been included in the Governor's FY09 budget request.

Total Administrative Costs for ET I:

Personal Services: One Eligibility Technician I Range 13 at a cost of \$62.8, including benefits, for 12 months.

Contractual: Annual cost for office space, phones, and supplies will be \$8.8.

Additional Cost of FY09:

Equipment/Supply: A one time cost of \$2.2 for a desktop computer, software, printer, and work station will be needed for the new position.

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: SB 212
 (S) Publish Date: 1/28/08
 Dept. Affected: Health & Social Services
 RDU Health Care Services
 Component Medicaid Services

ID(File name) SB212-DHSS-MS-1-19-08
 Title MEDICAL ASSISTANCE ELIGIBILITY

Sponsor DAVIS
 Requester SENATE HESS Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation		Information				
	Required						
OPERATING EXPENDITURES	FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Personal Services							
Travel							
Contractual							
Supplies							
Equipment							
Land & Structures							
Grants & Claims	2,274.3		2,469.9	2,682.4	2,913.0	3,163.6	3,435.6
Miscellaneous							
TOTAL OPERATING	2,274.3	0.0	2,469.9	2,682.4	2,913.0	3,163.6	3,435.6
CAPITAL EXPENDITURES							
CHANGE IN REVENUES (0)							

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	1,504.2		1,581.3	1,706.9	1,848.8	2,007.8	2,180.5
1003 GF Match	770.1		888.6	975.5	1,064.2	1,155.8	1,255.1
1004 GF							
1037 GF/Mental Health							
Other(Specify Type-do not abbreviate)							
Other(Specify Type-do not abbreviate)							
TOTAL	2,274.3	0.0	2,469.9	2,682.4	2,913.0	3,163.6	3,435.6

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill reinstates the qualifying income standards for children and pregnant women receiving Medicaid benefits under the Denali KidCare (DKC) program to poverty guidelines used when the program was established (200 percent of the Federal Poverty Guideline (FPG) for Alaska).

Effective September 2003, the maximum qualifying household incomes for DKC Medicaid were reduced in statute to amounts equivalent to 175% of the FPG for (Continued on Page 2)

Prepared by: Bill Streur
 Division Deputy Commissioner
 Approved by: Karleen Jackson, Commissioner
 Agency Department of Health and Social Services

Phone 907-269-7827
 Date/Time 01/18/2008
 Date 01/19/2008

**STATE OF ALASKA
2008 LEGISLATIVE SESSION****ANALYSIS CONTINUATION**

2003. By spring 2007, the statutory limits were equivalent to 154% of the prevailing poverty guideline, representing almost a 50 percentage point drop from the poverty guideline used to qualify such individuals prior to September 2003. A bill implemented in summer 2007 (SB27) partially reversed the affects of the 2003 legislation, setting the income standard to 175% of the prevailing FPG. However, children and pregnant women with incomes between 176 and 200% of the prevailing FPG did not regain eligibility.

We assume that all persons regaining eligibility under SB27/2007 will enroll sometime during SFY2008 and be covered by the additional funding requested in the corresponding fiscal note. This fiscal note addresses only persons with incomes between 176 and 200% FPG that would regain eligibility under SB 212.

Between 2003 and 2006, the number of enrolled children with household incomes between 151% and 200% FPG dropped by 2,553 and the number of enrolled pregnant women with incomes between 134% and 200% dropped by 436. This fiscal analysis assumes that the additional enrollment due to this bill will be equal to about half that number of people (estimated as 218 pregnant women and 1277 children). We assume that most people affected by this bill will enroll by the end of SFY 2009 and that enrollment will resume normal growth (about 2% per year) thereafter.

Costs projections incorporate 8.6% annual growth (Long Term Forecast of Medicaid Enrollment and Spending in Alaska: 2005-2025, DHSS, updated for 2006). That growth rate allows for 5% medical inflation (Anchorage CPI, medical care component) and annual growth in the FPG.

**STATE OF ALASKA
2008 LEGISLATIVE SESSION**

ANALYSIS CONTINUATION

The percentage of enrollees having Medicaid claims paid during the year is "participation" (recipients as a percentage of enrollment). We assume that participation will not change with implementation of this bill and will remain the same throughout the projection period. First year costs are based on our estimate for the number of new enrollees times the average cost per enrollee for the affected eligibility subtypes in 2007. Medicaid children in the income range addressed by this bill tend to have lower Medicaid costs than those from families with lower incomes, and those lower costs are reflected in our estimates.

Expenditures for the Health Care Services Medicaid component were determined based on that component's share of expenses for the affected eligibility subtypes in 2007. Health Care Services Medicaid paid 99.9% of the costs for affected pregnant women and 85.8% of the costs for affected children in 2007.

Fund source calculations combine the percentages of costs reimbursed as IHS, Title XIX, or Title XXI during 2007 for the affected eligibility groups with our current estimates for the corresponding federal medical assistance percentages (FMAPs) between 2009 and 2014. Children affected by this legislation are included in the State Children's Health Insurance Program (SCHIP) so most of their Medicaid costs would normally be matched at the enhanced rate for Title XXI services. However, because Title XXI funding for SCHIP is no longer enough to cover all of that program's expenses, the formula for estimating federal reimbursement for this bill was adjusted to allow only three quarters of Title XXI matching in 2009, with the remaining quarter defaulting to the lower Title XIX rate. Between 2010 and 2014, we estimate that only 2 quarters of expenses for children affected by this bill will be reimbursed at the enhanced match rate.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. Box 110601
Juneau, AK 99811-0601
Phone: (907) 465-3030
Fax: (907) 465-3068

January 23, 2008

The Honorable Bettye Davis, Chair
Senate Health, Education & Social Services Committee
State Capitol, Room 30
Juneau, AK 99801-1182

Dear Senator Davis:

In response to your questions on January 23, 2008 regarding the statistics pulled from your files on the sponsorship of SB 27 last year, please see our response below:

- *We dropped between 2,500 and 3,000 children and about 400 pregnant women from the SCHIP rolls as a result of the SCHIP freeze at 175% FPL (and conversion to a fixed dollar amount) in 2003.*

The total number of children estimated to have lost eligibility between 2003 and 2006 when the income criteria were reduced is 2,553. This is based on the change in annual enrollment in FY 2003 compared to FY 2006.

- *The increase to 175% in SB 27 was anticipated to bring back on the rolls about one-half those dropped from the rolls, or 1277 children and 218 pregnant women.*

This statement is correct.

- *The increase to 200% in SB 212 this year is anticipated to bring back on the rolls about the same number, i.e., 1277 children and 218 pregnant women.*

This statement is correct.

- *A position paper, "Background on Denali KidCare" (DKC) by Senator Wielechowski and Representative Gara in support of SB 27 last year wrote: "Prior to the passage of SB 105 in 2003 (which lowered the eligibility guidelines for the program) 4,992 children with family incomes between 151% and 200% of the*

federal poverty level (FPL) were covered. Since passage, 3,440 fewer children with family incomes between 151% and 200% of the FPL are enrolled."

The figures referenced are monthly enrollment numbers and reflect a point in time. It is true that 4,992 children with family incomes between 151% and 200% of the FPL were covered under SCHIP in September 2003 at the time of passage of SB 105, and that roughly 3,440 children fewer children are enrolled monthly under SCHIP compared to the December 2006 enrollment of 1,552.

These figures differ from the estimated 2,553 number of children used in the fiscal note because the fiscal note is based on annual enrollment and not monthly enrollment.

- ***In FY 2006, DKC cost was \$25.9 million, \$18.2 million paid by federal government. (Wielchowski).***

This statement is correct for SCHIP benefit costs in Denali KidCare but does not reflect the total cost for all children and pregnant women served through the Denali KidCare office.

- ***As of December, 2006 DKC enrolled 7,600 children.***

This statement is correct for SCHIP enrollment in Denali KidCare but does not reflect the total enrollment for all children served through the Denali KidCare office.

- ***The cost per child was estimated at \$1,700 per year. (Question: How can the increase of 1277 children and 218 pregnant women cost only \$249,600 in the fiscal note? Calculate: $1277+218 = 1495 \times \$1,700 = \$2,541,500$. Even if the federal government paid 70% and the state 30% the number is twice \$249,600: $\$2,541,500 \times 0.30 = \$762,450$. IS THE FISCAL NOTE IN ERROR?***

On average, the cost per enrollee per year for SCHIP eligible children in Denali KidCare was about \$1,700 in FY 2006.

The fiscal note is not in error. The fiscal note referred to, totaling \$249.6, only reflects the costs in FY 2009 for the Behavioral Health Medicaid Services budget component. There are two other fiscal notes: Health Care Medicaid Services budget component (\$2,274.3) and Public Assistance Field Services (\$73.8). The total estimated cost to implement SB 212 is \$2,597.7 (\$1,693.1 federal/\$903.6 GF/1.0 Other) for FY 2009. Please note that the fiscal notes include costs for both children and pregnant women.

If you have additional questions regarding this issue, please contact me at 465-1618.

Sincerely,



Sherry Hill
Assistant Commissioner

cc: Senator Joe Thomas, Vice-Chair, Capitol Building, Room 510
Senator John Cowdery, Capitol Building, Room 101
Senator Kim Elton, Capitol Building, Room 506
Senator Fred Dyson, Capitol Building, Room 121
Karleen Jackson, Commissioner
Cheryl Howdyshell, Deputy Commissioner
Bill Streur, Deputy Commissioner
Bill Hogan, Deputy Commissioner
Sherry Hill, Assistant Commissioner
Wilda Laughlin, Special Assistant
Laura Baker, Budget Chief
Jerry Fuller, Medicaid Director
Ellie Fitzjarrald, Director, Public Assistance
Barbara Hale, SCHIP Administrator

Log 15-B/2008

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER
FINANCE AND MANAGEMENT SERVICES

SARAH PALIN, GOVERNOR

P.O. Box 110650
Juneau, AK 99811-0650
Phone: (907) 465-3082
Fax: (907) 465-2499

January 25, 2008

The Honorable Bettye Davis, Chair
Senate Health, Education & Social Services Committee
State Capitol, Room 30
Juneau, AK 99801-1182

Dear Senator Davis:

In response to your question on Friday, January 18, 2008 regarding Denali KidCare and SCHIP enrollment, please see our response below:

➤ *How many children are currently enrolled in Denali KidCare (DKC)?*

In December 2007, there were 7,083 children enrolled in Denali KidCare who are funded through the Medicaid expansion State Children's Health Insurance Program (SCHIP).

➤ *Has there been any change in enrollment since changing eligibility criteria last year to correspond to 175% of the federal poverty guideline (FPG) for Alaska?*

There were 843 more children enrolled in the 151-175% income category in December 2007 than were enrolled in the month before the change was implemented. Of the 7,083 children enrolled in SCHIP, 2,102 are in the 151-175% FPG income range (the income group affected by the change in eligibility). We originally projected that 1,277 additional children would enroll by the end of FY 2008 because of the change. This indicates that implementation is on target with our projection.

➤ *What number was used to estimate the number of children that lost eligibility after 2003 when income criteria were reduced?*

The total number of children estimated to have lost eligibility after 2003 when the income criteria were reduced is 2,553. We used an unduplicated annual enrollment statistic to estimate the number of higher income children that lost eligibility when income criteria were reduced in 2003.

➤ *How many children would benefit from coverage at 200% FPG?*

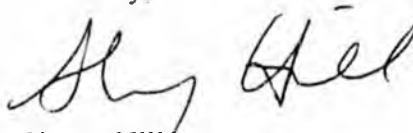
We estimate that 1,277 additional children might enroll if eligibility for coverage is raised to 200% FPG. Because, by 2008 the income amounts in statute would have dropped to effectively 150% of the 2008 poverty guidelines, the difference in income corresponded to about 50 percentage points (151 to 200%). SB 212 increases the income threshold from 175% to 200%, or half of the 50 points; therefore, we used half of the change between 2003 and 2006 annual enrollment for the fiscal note.

➤ *Please provide an estimate for the number of uninsured children in the state.*

Based on data from the Census Bureau, the number of uninsured children under age 18 in Alaska is estimated to be 17,000. Of those, approximately 10,000 are in households with incomes below 200% of poverty.

If you have additional questions regarding this issue, please contact me at 465-1618.

Sincerely,



Sherry Hill
Assistant Commissioner

cc: Senator Joe Thomas, Vice-Chair, Capitol Building, Room 510
Senator John Cowdery, Capitol Building, Room 101
Senator Kim Elton, Capitol Building, Room 506
Senator Fred Dyson, Capitol Building, Room 121
Karleen Jackson, Commissioner
Cheryl Howdyshell, Deputy Commissioner
Bill Streur, Deputy Commissioner
Bill Hogan, Deputy Commissioner
Wilda Laughlin, Special Assistant
Laura Baker, Budget Chief
Ellie Fitzjarrald, Director, Public Assistance
Jerry Fuller, Medicaid Director
Barbara Hale, SCHIP Administrator

SB 212

abha & aaahc

Alaska Behavioral Health Association

Alaska Association of Homes for Children

February 21, 2008

Bert Stedman
Co-Chair, Senate Finance Committee
State Capitol
Juneau, Alaska 99801-1182

RECEIVED
FEB 22 2008

Dear Senator Stedman,

We are requesting that SB 212, which recently moved out of the Senate HESS Committee, be scheduled as soon as possible to be heard in the Senate Finance Committee. SB 212 would restore the eligibility threshold for Denali KidCare (DKC) to 200% of the Federal Poverty Level (FPL). Our two associations represent 49 behavioral health and children's residential treatment programs throughout the state; we see this bill as vital to provide needed health care services to the children of our state.

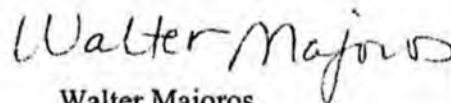
As you know, Denali Kid Care (DKC) is the state of Alaska's health care program for children. When DKC was created, it was modeled after similar programs around the country and the eligibility level was set at 200% of the FPL. In 2003 a legislative initiative passed that scaled back and froze the eligibility rate at 175% of the FPL. Since this action eliminated cost of living adjustments, many children who historically had been eligible for DKC quickly lost their insurance. Fortunately, last year the legislature unfroze the 175% threshold for DKC so that it now receives inflationary adjustments.

The unfreezing of DKC was good news to our associations and we are thankful to the legislature for this action. Unfortunately, at its current level of 175% of FPL, Alaska still has the 4th most stringent eligibility level for children's health insurance in the country—which results in many children not receiving the healthcare they need. Denali Kid Care is the primary method of payment for children's behavioral health and residential treatment services in Alaska. It is crucial to the success of Bring the Kids Home—a statewide initiative that aims to serve Alaska's children with behavioral health issues in their home state, near their family and friends. Thank you in advance for scheduling this important bill for a hearing in the Senate Finance Committee.

Sincerely,



Jorden Nigro
President, AAHC



Walter Majoros
President, ABHA

Explanation of FY2009 Budget Changes

Health Care Services	2008	2009 Gov	08 to 09 Change
General Funds	233,293.1	262,946.4	29,653.3
Federal Funds	473,732.9	468,738.9	-4,994.0
Other Funds	23,318.2	24,418.2	1,100.0
Total	730,344.2	756,403.5	25,759.3

**Totals include Adult Preventative Dental Medicaid Services RDU. Fund source breakdown for FY2008 is \$1,543.17 GF/\$7,323.9 Fed/\$1,425.0 Other; and for FY2009 \$3,518.7 GF/\$5,348.3 Fed/\$1,400.0 Other.*

Health Care Services Medicaid

FY09 Medicaid SCHIP Allotment Shortfall: \$2,000.0 Total \$1,000.0 Federal, \$1,000.0 GF/Match

This request replaces lost federal revenues resulting from a decrease in the amount of federal funds available for the State Children's Health Insurance Program (SCHIP), a part of Alaska's Medicaid program operated through Denali KidCare. This increment is necessary to maintain the current level of health care provided to these children and supports the department's mission to manage health care for Alaskans in need.

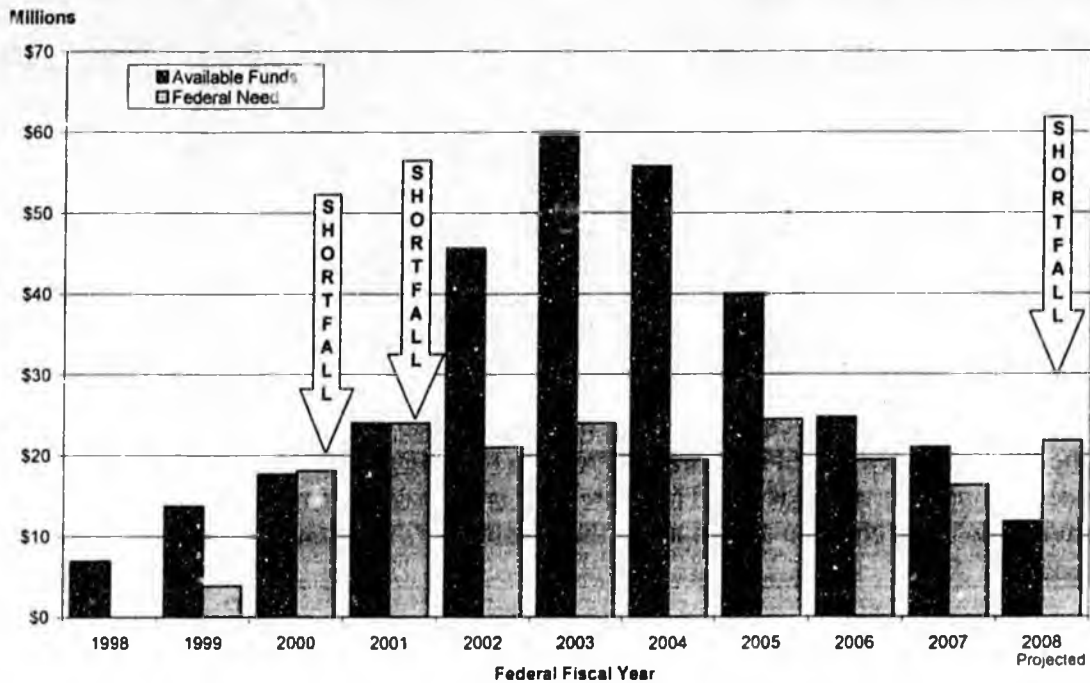
SCHIP helps reach uninsured children whose families earn too much to qualify for regular Medicaid but not enough to afford private coverage. Each month, SCHIP provides health coverage for about 9,000 uninsured children under age 19. Without this funding, low-income children now enrolled in Denali KidCare could lose their SCHIP health coverage and become uninsured.

The federal and state governments jointly fund SCHIP. The amount of federal funding depends on the federal SCHIP allotment which has not grown to keep pace with SCHIP expenditures. The federal medical assistance percentage, or FMAP, determines the amount of state matching funds. The state receives a higher, enhanced FMAP for SCHIP than for regular Medicaid; however, this enhanced reimbursement is capped at the SCHIP allotment. If costs exceed available SCHIP funds, claims are reimbursed at the lower, regular FMAP, resulting in reduced federal revenues. Alaska will have only 43 percent of the federal SCHIP funding needed to cover program expenditures in 2009, exhausting its SCHIP funds in the second quarter. When it reverts to regular Medicaid, the difference in federal reimbursement rates means that Health Care Services Medicaid Services component will need an additional \$1,000.0 GF in 2009.

Alaska's annual allotment has fluctuated between \$7 million and \$11 million. Since Alaska's annual allotment represents only about 30 percent of our costs, we have relied heavily on unspent funds from other states which were redistributed to Alaska to maintain access to the enhanced FMAP. As more and more states have increased their SCHIP programs, there is less and less redistributed funding available and we do not anticipate any further redistributions.



Denali KidCare M-SCHIP Federal Funds Available and Federal Need



FY09 Projected Medicaid Formula Growth: \$41,381.6 \$25,587.7 Federal, \$14,793.9 GF/Match

For FY09, Health Care Services' Medicaid costs are projected to grow 6 percent over the FY08 authorized amount of \$689,694.3. This increment request is necessary to maintain the current level of long-term health services in Medicaid. The Medicaid Services component funds acute health care services such as hospitals, physicians, pharmacy, and dental and other Medicaid services such as premium assistance and supplemental hospital payments.

In FY07 Health Care Services contracted approximately 6 percent from the previous fiscal year. Growth in FY08 is expected to be 9-percent higher than FY07. The requested FY09 growth increment, 6 percent, is based on the FY08 projection and the FY09 baseline forecast from the short term forecasting model.

Most of the increase can be attributed to hospital services which are expected to grow at approximately 11 percent between FY07 and FY08 and 6 percent between FY08 and FY09. Hospital and physician services were both affected by rate rebasing in FY08. Transportation and Pharmacy also contributed to the overall growth with growth rates between 6 percent and 7 percent.

The fund source projection is based on the actual amount of federal revenue collected in SFY07 in this component, 68.2 percent, and assumes that the proportion of expenditures eligible for each type of federal reimbursement remains the same. It also assumes that the SFY09 average federal medical assistance percentage remains at 53.76 percent for regular Medicaid and 67.63 percent for enhanced FMAP.

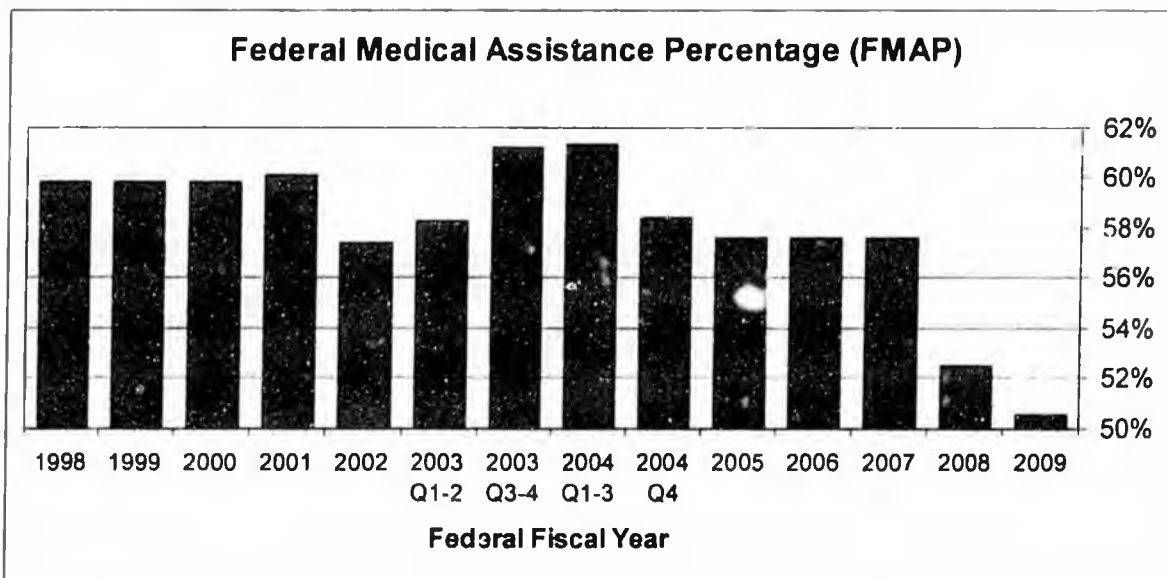
FFY09 Federal Medical Assistance Percentage (FMAP) Rate Change for Medicaid: (\$14,308.5 Federal), \$14,308.5 GF/Match

This request replaces lost federal revenues resulting from a 1.95-percent decrease in the annual rate the federal government reimburses the state for Medicaid benefits that will take effect on October 1, 2008.

The federal and state governments jointly fund Medicaid. The federal fund reimbursement rate is set by the Centers for Medicare and Medicaid and is outside the control of the state government. One in five Alaskans is enrolled in Medicaid at some time each year. Without the increment the state would be forced to reduce eligibility or services currently provided to low income children, pregnant women, individuals with disabilities, and the elderly. By approving this change record, the department will be able to continue to meet its mission of managing health care for Alaskans in need.

The amount of federal funds the state receives for its Medicaid program depends on a complex array of reimbursement rates, some of which change each October 1st with the start of a new federal fiscal year. The bulk of the federal funding for Medicaid benefits comes from claims reimbursed at the federal medical assistance percentage or FMAP. The FMAP rate is based on the state's national rank of per capita personal income but can be no less than 50 percent. Also affected are the State Children's Health Insurance Program (SCHIP) and the Breast and Cervical Cancer program (BCC) which are part of Alaska's Medicaid program. Eligible claims for SCHIP and BCC are reimbursed at an enhanced FMAP rate which reduces the state share of costs by 30 percent over the regular FMAP.

The regular FMAP is projected to drop from 52.48 percent to 50.53 percent in FFY09 and the enhanced FMAP from 66.74 percent to 65.37 percent. The regular FMAP for SFY09 will average 51.02 percent across two federal fiscal years (52.48 percent from July–September 2008 and 50.53 percent from October 2008–June 2009). The enhanced FMAP for SFY09 will average 65.71 percent (66.74 percent from July–September 2008 and 65.37 percent from October 2008–June 2009).



Approximately 67 percent of the Medicaid Services component's claims are reimbursed at the regular FMAP and another 6 percent at the enhanced FMAP (the remaining 27 percent is Indian Health Service, family planning, or non-reimbursable and is not affected by the change in FMAP). Based on current estimated expenditures for Medicaid, the FFY09 change in FMAP will require an estimated \$14,308.5 increase in GF to replace the lost federal funds and maintain services at the current level.

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

*Advisory Board on Alcoholism and Drug Abuse
Alaska Mental Health Board*

Sarah Palin, GOVERNOR

*P.O. BOX 110608
JUNEAU, AK 99811-0608
PHONE: (907) 465-8920
FAX: 465-4410*

January 23, 2008

RE: SB 212 – Eligibility for Denali KidCare
Testimony to the Senate HESS Committee

The Alaska Mental Health Board and the Advisory Board on Alcoholism and Drug Abuse strongly support SB 212 and urge its passage from committee.

- **SB 212 will make health insurance accessible to more children in Alaska.** Alaska has the third lowest DKC eligibility rate in the nation. Combined with a 31% decline in the number of children covered by private health insurance in the last decade, Alaska is taking a costly risk with the health and behavioral health of its children and the well-being of families.
- **DKC covers the majority of children's behavioral health care.** Providing kids with prevention and early intervention behavioral health services are critical to their long-term mental health and the well-being of their families. In addition, access to these services will help control the mounting costs of inpatient psychiatric care.
- **DKC is a good bargain for the State of Alaska.** The federal government covers 70% of the cost of DKC. Also, those families who can afford it will make a meaningful financial contribution towards their children's health coverage.
- **DKC saves the State of Alaska money in the long run.** Children without health care get less preventative care, have much higher health risks and are four times more likely to use expensive emergency room care. Research shows that immunizations, annual visits to a doctor, dental care and screenings for vision, hearing and developmental disabilities are all long-term money savers for the health care system as a whole.
- **DKC saves all Alaskans money.** In 2004, Anchorage hospitals provided almost \$89 million in uncompensated care. These costs are passed on to Alaskan business and individuals in higher insurance premiums and out of pocket health care costs.



426 Main St • Juneau, AK • 99801

Alaska State Hospital and Nursing Home Association

April 12, 2008

The Honorable Peggy Wilson
Chair, House HES Committee
State of Alaska
Juneau, AK 99801-1182

Dear Representative Wilson:

RE: LETTER OF SUPPORT FOR SB212

The 37 members of the Alaska State Hospital and Nursing Home Association (ASHNHA) wish to express their **STRONG SUPPORT** for SB212, an act relating to eligibility requirements for medical assistance for certain children and pregnant women. Our membership includes private, community, federal, state and tribal health care facilities throughout the State.

Moving Alaska's eligibility threshold for coverage of pregnant women and low income children to 200% of the federal poverty level is the next logical step in reducing the growing number of uninsured Alaskans, particularly children. Why is it prudent to increase our spending under Denali Kid Care? For at least two very critical reasons:

- First, this bill if enacted would assure strong preventive and primary care for our children who do not have health insurance from any other source, and would give our most vulnerable children, the unborn, a greater probability for a healthy start through early prenatal care. In addition we would be maximizing use of federal funding to pay for 2/3rds of this expense under the Federal Medicaid Program.
- Second, if we do not take this step we can expect to see many of our young Alaska children experience expensive health care problems that could have been avoided. This in turn will put even more financial pressure on those who are insured to help pick up these costs. We know from hospital financial data that Alaska's write offs increased by 55% over the last year compared to 14% nationally. We must take steps to slow this worsening health care cost situation.

ASHNHA's members urge passage of SB212 from the HES Committee.

Sincerely,

Rod L. Betit
President/CEO

**ASHNHA
ASHPIN
APSCI**

2007-2008
ASHNHA
Executive
Committee

Chairman
Al Parrish

Chair Elect
James Shill

Sec/Treasurer
Ryan Smith

Immediate Past
Chairman
John Bringhurst

AHA Delegate
Ed Lamb

AHA Alternate
Pat Branco

AHCA Delegate
Dennis Murray

AHCA Alternate
Angela Gorn

Acting ASHPIN
Chairman
John Bringhurst

ASHNHA CEO
Rod Betit

	Appropriation	General	Other
	Items	Funds	Funds
1			
2			
3	Economic Development		
4	HB 359 PROBATION AND MINOR	29,800	29,800
5	CONSUMING appropriated to Alaska Court		
6	System		
7	HJR 28 CONST. AM:BUDGET	1,500	1,500
8	RES.FUND/OIL& GAS TAX appropriated		
9	to Office of the Governor		
10	SB 57 MARINE PARKS ADDITIONS	15,900	15,900
11	& MANAGEMENT appropriated to		
12	Department of Natural Resources		
13	SB 158 SHIRLEY DEMIENTIEFF	7,500	7,500
14	MEMORIAL BRIDGE appropriated to		
15	Department of Transportation & Public		
16	Facilities		
17	SB 185 SEX OFFENDER/CHILD	42,000	42,000
18	KIDNAPPER REGISTRATION		
19	appropriated to Department of Public		
20	Safety		
21	SB 196 PRESCRIPTION DATABASE	400,000	400,000
22	appropriated to Department of Commerce,		
23	Community, and Economic Development		
24	SB 196 PRESCRIPTION DATABASE	-86,000	-42,000
25	appropriated to Department of Health and		-44,000
26	Social Services		
27	SB 212 MEDICAL ASSISTANCE	2,597,700	903,600
28	ELIGIBILITY appropriated to Department		1,694,100
29	of Health and Social Services		
30	SB 214 HUNTING BY	59,800	59,800
31	MILITARY, COAST GD., DEPENDENTS		
32	appropriated to Department of Fish and		
33	Game		

From: jtower@alaska.com [mailto:jtower@alaska.com]

Sent: Saturday, April 12, 2008 3:01 PM

To: Rep. Peggy Wilson; Rep. Bob Roses; Rep. Anna Fairclough; Rep. Wes Keller; Rep. Paul Seaton; Rep. Sharon Cissna; Rep. Berta Gardner

Subject: *****SPAM***** SB212

To the House HESS Committee,

On behalf of the Alaska Chapter of the American Academy of Pediatrics which represents 85 pediatricians statewide, I am writing to ask for your support of SB212, a bill to increase the eligibility level for Denali KidCare to 200% FPL.

We urge your support for the following reasons:

- Increasing the eligibility to 200% FPL means that a family of 4 earning \$53,000 would qualify for the program. These are Alaska's working poor families.
- It would bring 1,277 children back to the program who were dropped when the Legislature froze the income eligibility level in 2003.
- It would provide 218 pregnant women health care.
- The cost benefits and savings of providing health care to these children and pregnant moms would more than outweigh any potential abuses to the system.
- The federal government pays for 70% of the program while the State of Alaska pays for only 30%.
- Access to health care, as with education, is our best means of giving children a good head start at life.

Pediatricians would rather see these kids in their offices rather than in emergency rooms where health care is the most costly.

Thank you for your consideration.

Janice Tower
Executive Director
Alaska Chapter, American Academy of Pediatrics